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SUBJECT: DASD SEDNEY'S ROKG MEETINGS: A STRONGER ALLIANCE
IN WORDS AND ACTIONS

Classified By: A/POL Brian D. McFeeters, Reasons 1.4 (b,d).

11. (C) SUMMARY. On April 7, visiting Deputy Assistant Secretary of Defense (DASD) for East Asia David Sedney and

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the Ambassador met with Defense Minister Lee Sang-hee in the lead up to the Security Policy Initiative (SPI)-17 talks. DASD Sedney also met separately with Blue House Deputy National Security Advisor Kim Tae-hyo, and Ministry of Foreign Affairs and Trade (MOFAT) Director General for North American Affairs Cho Byung-jae. Discussions focused on the upcoming Presidential Summit, broadening and improving the Alliance in real terms as well as in words, and reaching agreement on sensitive Alliance issues including burdensharing costs, implementation of U.S. Forces Korea realignment agreements, and camp returns. DASD Sedney also pressed for further ROKG contributions to international reconstruction efforts in Afghanistan (reported septel). END SUMMARY.

STRENGTHENING THE ALLIANCE

12. (C) DASD Sedney and the Ambassador met with Minister of National Defense (MND) Lee Sang-hee on April 7. DASD Sedney told MND Lee that Secretary Gates was looking forward to meeting him during the USFK change of command ceremony in June and that Secretary Gates was looking forward to meeting with South Korean President Lee Myung-bak (LMB) during the latter's visit to Washington for the April summit meeting. Lee said that "the U.S.-ROK Alliance had suffered from a lack of adequate dialogue that resulted in misunderstanding and lack of progress on alliance issues." We cannot afford an Alliance that is lacking in trust, he added. He predicted that LMB would place great emphasis on the shared values that underpin the Alliance and that he would be most eager to highlight common interests and shared principles.

13. (C) Minister Lee and DASD Sedney agreed that perceptions about the Alliance tended to lag behind the reality. They both pointed to LMB's summit meeting with the President as an important opportunity to shape opinions about the Alliance in a more positive way. Our job, DASD Sedney urged, is to work out specific achievements that would put words into actions. Lee agreed, describing the need for such actions as "evidence

of trust." He further agreed it was important to put a shared vision for the future of the U.S.-ROK Alliance into words. However, in his response Minister Lee cautioned that Korean society was changing dramatically and that perceptions on both sides of the alliance were not necessarily in line with the realities of today. He pointed to what he called the serious mishandling of the Alliance in the run-up to the 2002 ROK presidential election, and warned that any similar mismanagement of the Alliance today would pose a serious problem for the LMB Administration and thwart our combined effort to strengthen alliance relations. As for a future vision of the Alliance, MND Lee pointed out that any new vision must earn the support of both governments and the people they represent. "Creative Pragmatism" is the slogan of the new Korean Government and under it we will develop our alliance relationship, Lee said.

¶4. (C) Defense Minister Lee urged both sides take care not to unduly politicize their positions. Our interests are not well-served when we publicly disagree, he said, adding that "close, frank talk" was a much better path by which to reach solutions on alliance concerns. To avoid friction we must work together in the spirit of the Alliance motto: Katchi Kapshida (We Go Together!). Referring to the planned transition of wartime operational control (OPCON) in 2012, Lee said that the Combined Forces Command (CFC) is a unique military coordination structure and that we must come up with an equally unique joint military structure to replace it. (NOTE: Lee did not elaborate any further.) On Alliance Transformation he pointed out that completion was inextricably linked to cost, which he termed a "potential hot potato." "Cost will be a particularly big problem for me because my president is a CEO," the Minister complained. Finally, in response to advice from both DASD Sedney and the Ambassador that camp returns for 2008 be completed quickly and treated as the good news story it is, Lee replied that

the issue had the potential to cause tensions in the Alliance owing to the large discrepancy in perceptions between the U.S. and ROK governments. He claimed that the Ministry of the Environment had the lead for the issue, but nonetheless urged DASD Sedney to discuss it with his ROK counterpart during SPI-17.

¶5. (C) Blue House Deputy National Security Advisor Kim Tae-hyo similarly stressed that the objective in the upcoming Presidential Summit was to restore mutual confidence in the Alliance after five years in which bilateral relations were frequently politicized, souring public opinion and trust in the Alliance in both the ROK and the U.S. DASD Sedney agreed that public perception lagged behind reality, emphasizing that the United States welcomed President Lee's focus on improving the Alliance. DASD Sedney pointed out that many in the U.S. saw only the problems and areas of difference in the Alliance and wanted to see change. Both the right words and also the right deeds leading to concrete progress would be needed to change perceptions, he added, and urged the ROKG to take advantage of the upcoming Summit, as well as Secretary Gates' June visit to Seoul, on the margins of the G-8 Summit, and the July Presidential Summit to reinvigorate and frame the Alliance in a positive, forward-looking vision both on and beyond the Korean Peninsula. A strong joint statement of common goals, objectives, and vision for the Alliance would do much to bolster American support for a robust, continued role in maintaining security and stability in East Asia and Korea, DASD Sedney noted. Kim concurred that the Alliance must be improved and that Korea could contribute more both on and beyond the Korean Peninsula. However, he stressed that the public must endorse their approach, indicating that the Blue House would have a freer hand after the April 9 National Assembly elections.

"HOT" ALLIANCE ISSUES: CAMP RETURNS, SMA, AND LPP

¶6. (C) In a separate meeting with MOFAT DG Cho Byung-Jae, DASD Sedney pointed out that future USFK base returns should

be a good news story, but that media coverage had focused only on the environmental concerns with the base returns. Cho said that MOFAT was trying to counter this negative spin, but that they needed cooperation from USFK. Cho said that USFK "just wanted to return the key," which would not be a publicly defensible outcome for MOFAT. Minimum requirements for base returns had to be met, Cho stressed. DASD Sedney again emphasized that the base returns should be viewed not as just an environmental issue but as a positive development for Korea. DASD Sedney said he hoped that the issue would be settled before Secretary Gates visited Seoul in early June.

17. (C) Cho said he hoped the issue of cost sharing for USFK troop relocation would be resolved by mid to late May. DASD Sedney noted that Special Measures Agreement (SMA) funds were needed to cover the cost of the Land Partnership Plan (LPP), and with a new National Assembly (NA) due in office after the April 9 elections, the new Lee Myung-bak government would have to expend political capital to ensure that SMA funds would be allowed to be used for LPP. In terms of LPP, Cho requested details on the specifics of financing the relocation in terms of overall costs, including how much had already been spent and how much remained to be spent. DASD Sedney noted that there are three different sources from Congress to fund USFK relocation, making such a detailed breakdown difficult. Cho pressed repeatedly for a concrete amount that would be required from SMA funds for the troop relocation costs, and said that an open-ended use of SMA funds without some kind of cutoff date would be unacceptable.

For MOFAT to achieve NA approval for a USD \$700 million project -- an amount equal to the entire annual working budget of MOFAT -- Cho argued that MOFAT would need to explain exactly what such funds would be used for. Such "transparency" was not a codeword for control over the project, Cho assured DASD Sedney. While the ROKG could not direct USFK in how to spend the money, a "blind transference" of funds to USFK would not be palatable to the Korean public, Cho reiterated.

18. (C) Cho then asked why the United States had not pursued a separate funding agreement for LPP, and why it had instead asked that it be covered under SMA. LTC Finnegan responded that the USG had not wanted to increase the burden on the ROK, and that as a result it had agreed to "live within" the SMA even for the increased costs for relocation. This was done so that the previous ROKG could claim that they were not paying for the relocation, but instead that the USFK budget was actually paying for it from already-existing SMA funds. Cho then noted that there had been an agreement on the use of SMA funds for relocation costs, but not on the actual amount or number of years of SMA funding.

19. (C) Cho expressed concern that the public believed that, unlike the Yongsan Relocation Plan (YRP), LPP was more beneficial to USFK than the Korean public, and as a result the public believed that the U.S. should bear the burden. DASD Sedney disagreed, saying that LPP had never been perceived by the U.S. as a benefit for the United States. The LPP and the continued stationing of U.S. forces in the ROK were a benefit to the ROK's security and our Alliance. LTC Finnegan noted that LPP would not receive Congressional funding. Cho clarified that the public's perception was not MOFAT's position, but was rather a concern that would need to be addressed.

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